

Verizon New England, Inc.
State of Maine
Earnings Statement
12 Months Ended December 2001

	<u>Combined</u> <u>Operations</u>	<u>Intrastate</u> <u>Operations</u>
Revenues		
1 Local Service Network Revenue (5001-5069)	247,198,315	247,172,487
2 Network Access Service Revenue (5081-5084)	180,749,390	29,454,208
3 Long Distance Network Service Revenue (5100-5169)	68,774,204	68,778,177
4 Miscellaneous Revenue (5230-5280)	48,992,755	37,640,093
5 Less: Uncollectibles (5301-5302)	11,118,419	10,430,301
6 Operating Revenue (L1 to L5)	<u>\$534,596,245</u>	<u>\$372,614,664</u>
Expenses		
7 Support (6112-6124)	21,069,790	15,866,338
8 Maintenance (6211-6540)	105,889,677	81,520,547
9 Depreciation and Amortization (6561-6565)	125,864,065	91,621,247
10 Marketing and Customer Services (6611-6623)	57,042,818	46,031,240
11 Other Expenses of Operations (6711-6790)	73,609,474	57,137,275
12 Telephone Expenses - Other than Tax (Line 7 to Line 11)	<u>\$383,475,825</u>	<u>\$292,176,647</u>
13 Investment Tax Credits - Net	(1,654,021)	(1,192,303)
14 Federal Taxes Deferred	(2,552,387)	(2,585,240)
15 Federal Taxes on Income	39,845,976	20,921,833
16 Miscellaneous Tax	493,375	352,800
17 Property Tax	25,148,067	17,946,731
18 State Taxes Deferred	367,419	0
19 State Income Taxes	5,216,744	1,385,637
20 Gross Receipts Tax	1,497,686	1,497,686
21 Total Taxes (Line 13 to Line 20)	<u>\$68,362,859</u>	<u>\$38,327,144</u>
22 Total Telephone Expenses including Tax (Line 12 plus Line 21)	<u>\$451,838,684</u>	<u>\$330,503,792</u>
23 Net Operating Revenues (Line 6 less Line 22)	<u>\$82,757,561</u>	<u>\$42,110,873</u>
24 Interest Charged Construction (7340)	1,952,366	1,394,615
25 Net Telephone Earnings (Line 23 to Line 24)	<u>\$84,709,927</u>	<u>\$43,505,488</u>
26 Average Net Investment	\$706,369,363	\$492,677,853
27 Earnings on Net Investment (Annual Basis)	11.99%	8.83%

() Denotes Negative Amount

Verizon New England, Inc.
State of Maine
12 Months Ended December 2001
Summary of Investment

	<u>Combined Operations</u>	<u>Intrastate Operations</u>
<u>Average December 2001</u>		
1 Telecommunications Plant in Service (2001)	\$1,766,515,109	\$1,267,496,560
2 Telephone Plant under Construction	26,736,110	19,276,071
3 Property Held for Future Telephone Use (2002)		
4 Average Telephone Plant (Line 1 to Line 3)	<u>\$1,793,251,219</u>	<u>\$1,286,772,631</u>
5 Depreciation Reserve (3100 - 3600)	<u>1,128,165,322</u>	<u>825,411,934</u>
6 Average Telephone Plant (Line 4 less Line 5)	\$665,085,897	\$461,360,697
7 Working Capital	<u>35,812,654</u>	<u>27,559,244</u>
8 Average Net Investment (Line 6 plus Line 7)	\$700,898,551	\$488,919,941
<u>Average 12 Months Ended December 31, 2001</u>		
9 Telecommunications Plant in Service (2001)	\$1,730,730,415	\$1,239,321,836
10 Telephone Plant Under Construction	32,627,025	23,440,181
11 Property Held for Future Telephone Use (2002)		
12 Average Telephone Plant (Line 9 to Line 11)	<u>\$1,763,357,440</u>	<u>\$1,262,762,017</u>
13 Depreciation Reserve (3100 - 3600)	<u>1,089,500,586</u>	<u>795,677,461</u>
14 Average Telephone Plant (Line 12 less Line 13)	\$673,856,854	\$467,084,556
15 Working Capital	<u>32,512,509</u>	<u>25,593,297</u>
16 Average Net Investment (Line 14 plus Line 15)	\$706,369,363	\$492,677,853
<u>Deferred Taxes (4100, 4340)</u>		
17 Average Month of December, 2001	\$58,223,222	\$41,795,550
18 Average 12 Months Ended December 31, 2001	60,660,512	45,165,243

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